THE MINISTER OF PETROLEUM AND NATURAL GAS (SHRI MANI SHANKAR AIYAR): (a) to (d) Since 1.4.2002, the public sector oil marketing companies have been reviewing the selling price of petrol on a fornightly basis in consultation with the Ministry of Petroleum and Natural Gas.

Revision in LPG Price

540. SHRIMATI S.G INDIRA: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether Government are considering to reduce the cost of LPG in the light of reduction of price on petroleum products as has been done in the case of petrol; and

(b) if so, the details thereof?

THE MINISTER OF PETROLEUM AND NATURAL GAS (SHRI MANI SHANKAR AIYAR): (a) and (b) Domestic LPG is a subsidized product. In addition to the Government subsidy, oil PSUs have been sharing the burden by not passing the full increase in international prices on to the consumer prices of domestic LPG. During the first half of 2004-05, the estimated provisional under-recovery/subsidy on domestic LPG was as follows:

Product	Government Subsidy	Oil PSUs' under-recoveries	Total Subsidy/under-recoveries
Domestic LPG (Rs./Cylinder)	22.58	133.03	135.61

The Oil marketing companies reduced the prices of petrol effective 16.11.04 taking into account the reduction in international petrol prices. However, the domestic consumer price of domestic LPG is much lower than the import parity price.

Demand and supply of LPG

†541 .SHRI ABU ASIM AZMI: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether there is a gap in the demand and supply of LPG in the country;

(b) if so, the reasons therefor; and

† Original notice of the question was received in Hindi.

(c) the quantum of LPG imported during the year 2003-04 and the steps taken by Government to bridge the gap between supply and demand thereof?

THE MINISTER OF PETROLEUM AND NATURAL GAS (SHRI MANI SHANKAR AIYAR): (a) to (c) Domestic production of LPG is less than domestic consumption. As a result, a part of domestic consumption is met through imports. During 2003-04,1.708 Million Metric Tonnes of LPG was imported. The setting up of refineries is decontrolled and any capacities, which may *inter alia* produce additional LPG, would come up on commercial considerations.

Merger of mega oil companies

542. SHRI TARIQ ANWAR: Will the Minister of PETROLUEM AND NATURAL GAS be pleased to state:

(a) whether it is a fact that there is a proposal to create two mega players in the oil sector by merging State-owned oil companies;

(b) if so, the details thereof; and

(c) the names and the equity shares of the two companies?

THE MINISTER OF PETROLEUM AND NATURAL GAS (SHRI MANI SHANKAR AIYAR): (a) No formal proposal to create two mega players in the oil sector by merging State-owned oil companies has been formulated.

(b) and (c) Do not arise, in view of (a) above.

Merger of IBP with IOC

543. SHRI SANJAY NIRUPAM: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether Government have approved the merger of petro-retailer IBP Co. with Indian Oil Corporation (IOC); and

(b) if so, the details regarding the above and whether it would result in the falling of Government shareholding?

THE MINISTER OF PETROLEUM AND NATURAL GAS (SHRI MANI SHANKAR AIYAR): (a) and (b) The Government have conveyed their approval, in principle, to the Indian Oil Corporation Limited (IOC) with